

BEFORE THE
DEPARTMENT OF CORPORATIONS
STATE OF CALIFORNIA

In the Matter of the Desist and Refrain
Order Issued to:

ANTHONY WAYNE BROWN and
THE BROWN GROUP OF
CALIFORNIA, LLC,

Respondents.

OAH No. 2011031541

Case No. 10299

DECISION

The attached Proposed Decision of the Administrative Law Judge of the Office of Administrative Hearings, dated April 27, 2011, is hereby adopted by the Department of Corporations as its Decision in the above-entitled matter.

This Decision shall become effective on May 31, 2011.

IT IS SO ORDERED this 27th day of May 2011.

CALIFORNIA CORPORATIONS COMMISSIONER

Preston DuFauchard

BEFORE THE
DEPARTMENT OF CORPORATIONS
STATE OF CALIFORNIA

In the Matter of the Desist and Refrain
Order Issued to:

ANTHONY WAYNE BROWN and
THE BROWN GROUP OF
CALIFORNIA, LLC,

Respondents.

Case. No. 10299

OAH No. 2011031541

PROPOSED DECISION

Administrative Law Judge Diane Schneider, Office of Administrative Hearings, State of California, heard this matter in Oakland, California, on April 14, 2011.

Edward Kelly Shinnick, Corporations Counsel, represented Complainant Preston DuFauchard, Commissioner of the California Department of Corporations.

There was no appearance by or on behalf of respondents Anthony Wayne Brown or The Brown Group of California, LLC.

The matter was submitted for decision on April 14, 2011.

FACTUAL FINDINGS

1. Complainant Preston DuFauchard is the Commissioner of the California Department of Corporations (Commissioner).
2. Respondent Anthony Wayne Brown is the CEO of The Brown Group of California (The Brown Group), a California Limited Liability Company (LLC), that lists its place of business as 268 Bush Street, Suite 4210, San Francisco, California, 94104.
3. On January 26, 2011, the Commissioner issued a Desist and Refrain Order to respondents for violations of California Financial Code sections 22100 and 5002. Respondents appealed, and this hearing followed.
4. There was no appearance by or on behalf of respondents Anthony Wayne Brown or The Brown Group. On proof of compliance with Government Code sections 11505 and 11509, the matter proceeded as a default pursuant to section 11520.

5. On January 12, 2008, respondents engaged in the business of a finance broker when they agreed to serve as the exclusive placement agent in connection with the acquisition of loan financing for a project developed by client Susan Reedy, CEO of Denby, Inc.¹ Reedy paid advance fees for these services. Brown told Reedy that he knew investors who were willing to finance the project. Reedy depleted her retirement account in order to pay for project-related costs while she waited for respondents to acquire funding from investors. Respondents never obtained funding for Reedy, and the fees she advanced were never returned.

6. Neither respondent nor The Brown Group have been licensed by the Commissioner to engage in the business of a finance lender or broker, as required by California Financial Code section 22100.

7. On December 13, 2008, respondents engaged in the business of making or servicing residential loans when they agreed to provide financing to Reedy for the purchase of residential property located at 3812 Camino Andres, Bay Point, California. Brown told Reedy that investors from a “private investment pool” were immediately available to lend her money for the purchase of the subject property. Respondents never obtained financing for the Bay Point property, and as a result, Reedy suffered a tremendous financial loss.

8. Neither respondent nor the Brown Group have been licensed by the Commissioner to engage in the business of making or servicing residential loans, as required by California Financial Code section 50002, subdivision (a).

LEGAL CONCLUSIONS

1. California Financial Code section 22100 prohibits an individual from engaging in the business of a finance lender or broker without a license. California Financial Code section 22712 authorizes the Commissioner to issue a Desist and Refrain Order to any individual who violates California Financial Code section 22100. By reason of the matters set forth in Factual Findings 5 and 6, cause exists to affirm the Commissioner’s Desist and Refrain Order issued on January 26, 2011.

2. California Financial Code section 50002, subdivision (a), prohibits an individual from engaging in the business of making or servicing residential mortgage loans without a license. California Financial Code section 50230 authorizes the Commissioner to issue a Desist and Refrain Order to any individual who violates California Financial Code section 50002, subdivision (a). By reason of the matters set forth in Factual Findings 7 and 8, cause exists to affirm the Commissioner’s Desist and Refrain Order issued on January 26, 2011.

¹ Reedy wanted to purchase property and open a residential care center for traumatized and abused children.

ORDER

The Commissioner's Desist and Refrain Order issued on January 26, 2011, to Anthony Wayne Brown and The Brown Group of California, LLC, is affirmed.

DATED: _____

DIANE SCHNEIDER
Administrative Law Judge
Office of Administrative Hearings